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Deanna G. H. [Signature]
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10/23/03
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2003 SENATE HUMAN SERVICES

SCR 4023

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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4023

Senate Human Services Committee

Conference Committee

Hearing Date February 10, 2003

Tape Number	Side A	Side B	Meter #
1		X	5920 - end
2	X		0 - 1931
Committee Clerk Signature <i>Donna Kramer</i>			

Minutes:

SENATOR JUDY LEE opened the public hearing for SB 4023.

SENATOR LEE turned the gavel over to Senator Brown while she introduced SB 4023 regarding urging the Congress to enact a Medicare prescription drug benefit and urged favorable review.

(Meter #5980 - 6110)

CAL ROLFSON, attorney and representing PHARMA, testified in support of SB 4023. When Medicare was first enacted, drug therapy wasn't so prevalent. It is really important that there is a national solution to all of this issue. Encourage favorable support. (Tape 1, Side B, Meter #6156 - end and Tape 2, Side A, 0 - 50)

LARRY BERNHARDT, representing the County Social Service Directors Association, in support of this resolution for two reasons. One: We think that it makes sense and it would help urge Congress to do the right thing. Two: We think it would in the long term save money for the state Medicaid program. Because those people who would be able to maintain their resources for

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Bill/Resolution Number SCR 4023
Hearing Date February 10, 2003

a long period of time and would not have to get those resources depleted. Ultimately, then go on Medicaid where we would cover their costs. (Meter # 70 - 134)

Public Hearing was closed on SB 4023. (Meter #167)

Committee discussion ensued.

SENATOR POLOVITZ mentioned about people making trips up to Canada to purchase their prescription drugs. ... Also, leery of the private sector being injected into this. (Meter # 200 - 400)

SENATOR LEE: Where would research and development come from?

SENATOR POLOVITZ stated more spent on advertising than research. That bothers me. (Meter # 401 - 492)

SENATOR LEE stated she had a question for Kelly Marshall, pharmacist who was in the committee room. Could you respond to the comments that there is more spent on advertising than on research?

KELLY MARSHALL, works for a pharmaceutical company, pharmacist, and has dealt with the issues that have been discussed for the past seven years while she has been lobbying. The most current statistics for the year 2000 is: 2.47 billions for direct consumer advertising and the pharmaceutical research company did about 26 billions for research and development expenses. The people come up with different ways of measuring R & D. (Meter #530 - 694)

SENATOR POLOVITZ: Why do prescription drug companies advertise, "Please see your doctor" when most of your prescription companies are at your doctor's office with their products? Shouldn't it be left up to the doctor to get the information to the patient rather than the patient come in and say, "I think this is going to be good for me." Response by Kelly Marshall

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that some companies go directly to consumers by advertising. Continued discussion regarding R & D and drug costs. It was stated improvements are made at increased cost. (Meter #715 - 1308)

SENATOR LEE: Further discussion:

SENATOR FAIRFIELD: What is the President's proposal as far as prescription drug benefit? And where is it currently?

CAL ROLFSON: Both parties are urging. (Meter #1453)

SENATOR FAIRFIELD: Are we urging Congress to look at a prescription drug benefit or are we urging Congress to reform Medicare using privatization? (Meter #1511)

SENATOR LEE: My thought was that a Medicare program would not just be taking a 100% of government dollars and applying it for the cost of people's prescriptions, but there might be a way to coordinate with some of the benefits that are available privately. There are low and reduced cost plans from manufacturers. ... For people over 65, there is no prescription drug program. Mistake to ignore plans offered by manufacturers that do provide free and reduced priced drugs to people who meet those criteria. My view of the way this was intended is we'll send it out of here, however the way this committee wants to do it. But, the thought was that there would be consideration given to those areas in the private sector that could benefit those people who would be receiving the medications. But, it wouldn't all be funded through 100% federal dollars. (Meter # 1568 - 1672)

Further committee discussion on privatization and Medicare. (Meter # 1681 - 1930)

SENATOR LEE recessed the discussion until this afternoon. (Meter 1931)

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2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4023

Senate Human Services Committee

Conference Committee

Hearing Date 02/12/03

Tape Number	Side A	Side B	Meter #
1	x		808 - 1956

Committee Clerk Signature *Donna Kremen*

Minutes:

Senator Judy Lee opened the discussion on SCR 4023. All members were present.

Senator Polovitz is concerned about private sector involvement. We could reach a point where the cost to the taxpayer is increased to pay for the research that is being done.

Senator Fischer said perhaps there should be an amendment.

Senator Polovitz has a problem with page 2 line 7 "privately administered outpatient prescription drug coverage".

Senator Judy Lee said she understands his concern is turning a public program over to a private entity for administration.

Senator Fairfield said she would feel better if on page 1, line 16 change "would" to "could". It would acknowledge the private sector could provide some benefits. On page 2, line 7, strike "privately administered".

Senator Fischer asked about supplemental plans.

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10/23/03
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Senate Human Services Committee

Bill/Resolution Number SCR 4023

Hearing Date 02/12/03

Senator Judy Lee said she thought the resolution covered only medicare plans.

Senator Brown said he thinks what we want is a drug benefit for our senior citizens.

Senator Judy Lee said it is needed for those who need it and not everyone needs it.

Senator Fairfield agrees with Senator Brown. If we are having a problem with privately administered plans, could we still send the message?

Senator Judy Lee confirmed the suggestion is deleting "and privately administered" from page 2, line 7 and adding "with consideration for privately administered plans" after "coverage" to page 2, line 8 and changing "would" to "could" on page 1, line 16.

It was moved by Senator Fairfield, seconded by Senator Brown and passed on a roll call vote that the amendments be passed. Voting yes were Senators Judy Lee, Brown, Erbele, Fisher, Fairfield and Polovitz. No negative votes were cast.

It was moved by Senator Brown, seconded by Senator Polovitz and passed on a roll call vote that the Senate Human Services Committee take a Do Pass As Amended action on SCR 4023. Voting yes were Senators Lee, Brown, Erbele, Fischer, Fairfield, and Polovitz. Senator Polovitz will carry the resolution to the floor.

Senator Judy Lee moved on to other business of the Senate Human Services Committee.

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10/23/03
Date

38381.0101
Title.0200

Adopted by the Human Services Committee
February 12, 2003

Q3
2-12-03

PROPOSED AMENDMENTS TO SENATE CONCURRENT RESOLUTION NO. 4023

Page 1, line 16, replace "would" with "could"

Page 2, line 7, remove "and privately administered"

Page 2, line 8, after "coverage" insert "with consideration for privately administered plans"

Renumber accordingly

Page No. 1

38381.0101

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10/23/03
Date

Date: 02-12-03
Roll Call Vote #: 1

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 4023

Senate Human Services Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Amendments made

Motion Made By Sen. Fairfield Seconded By Sen. Brown

Senators	Yes	No	Senators	Yes	No
Senator Judy Lee - Chairman	✓				
Senator Richard Brown - V. Chair.	✓				
Senator Robert S. Erbele	✓				
Senator Tom Fischer	✓				
Senator April Fairfield	✓				
Senator Michael Polovitz	✓				

Total (Yes) 6 No 0

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

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Deanna Hill Operator's Signature 10/23/03 Date

Date: 02-12-03
Roll Call Vote # (2)

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 4023

Senate Human Services Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as amended

Motion Made By Sen. Brown Seconded By Sen. Polovity

Senators	Yes	No	Senators	Yes	No
Senator Judy Lee - Chairman	✓				
Senator Richard Brown - V. Chair.	✓				
Senator Robert S. Erbele		✓			
Senator Tom Fischer	✓				
Senator April Fairfield	✓				
Senator Michael Polovitz	✓				

Total (Yes) 5 No 1

Absent _____

Floor Assignment Senator Polovity

If the vote is on an amendment, briefly indicate intent:

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Deanna Hall 10/23/03
Operator's Signature Date

REPORT OF STANDING COMMITTEE (410)
February 12, 2003 3:55 p.m.

Module No: SR-27-2485
Carrier: Polovitz
Insert LC: 38381.0101 Title: .0200

REPORT OF STANDING COMMITTEE

SCR 4023: Human Services Committee (Sen. J. Lee, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (5 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SCR 4023 was placed on the Sixth order on the calendar.

Page 1, line 16, replace "would" with "could"

Page 2, line 7, remove "and privately administered"

Page 2, line 8, after "coverage" insert "with consideration for privately administered plans"

Renumber accordingly

(2) DESK, (3) COMM

Page No. 1

SR-27-2485

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10/23/03
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2003 HOUSE HUMAN SERVICES

SCR 4023

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10/23/03
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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4023

House Human Services Committee

Conference Committee

Hearing Date March 24, 2003

Tape Number	Side A	Side B	Meter #
1	x		46.5 - 52.1
Committee Clerk Signature <i>Sharon Kempf</i>			

Minutes:

Cal Rolfson, Pharmaceutical Research and Manufacturers of America (PHRMA) appeared in support with written testimony.

Mr. Rolfson explained what dual eligibility was for the freshman legislators.

No opposition

Rep. Porter made a motion for DO PASS and placed on the Consent Calendar, second by Rep.

Potter.

VOTE: 13 - 0 - 0 Rep. Uglem will carry the bill.

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10/23/03
Date

Date: March ²⁴, 2003
Roll Call Vote #:

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SCR 4023

House HUMAN SERVICES Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken DP & Consent Calendar

Motion Made By Rep Poetke Seconded By Rep Potter

Representatives	Yes	No	Representatives	Yes	No
Rep. Clara Sue Price - Chair			Rep. Sally Sandvig		
Rep. Bill Devlin, Vice-Chair			Rep. Bill Amerman		
Rep. Robin Weisz			Rep. Carol Niemeier		
Rep. Vonnie Pietsch			Rep. Louise Potter		
Rep. Gerald Ugem					
Rep. Chet Pollert					
Rep. Todd Porter					
Rep. Gary Kreidt					
Rep. Alon Wieland					

Total (Yes) 13 No 0

Absent 0

Floor Assignment Rep. Ugem

If the vote is on an amendment, briefly indicate intent:

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Deanna G. Hall 10/23/03
Operator's Signature Date

REPORT OF STANDING COMMITTEE (410)
March 24, 2003 3:57 p.m.

Module No: HR-52-5599
Carrier: Ughem
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE
SCR 4023, as engrossed: Human Services Committee (Rep. Price, Chairman)
recommends DO PASS and BE PLACED ON THE CONSENT CALENDAR (13 YEAS,
0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SCR 4023 was placed on the
Tenth order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-52-5599

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2003 TESTIMONY

SCR 4023

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10/23/03
Date

TESTIMONY
BY
CALVIN N. ROLFSON
ON BEHALF OF
PHARMACEUTICAL RESEARCH &
MANUFACTURERS OF AMERICA
IN SUPPORT OF
ENGROSSED SENATE CONCURRENT RESOLUTION
NO. 4023

My name is Cal Rolfson. I am the Legislative Counsel for the Pharmaceutical Research & Manufacturers of America (PhRMA). I appear before you today in support of SCR No. 4023.

It takes no deep analysis to know that spending for both Medicare and Medicaid are increasing at the state and federal level. In a recent report to Congress by the Congressional Budget Office last week (3-20-03), the CBO estimated that the number of people ages 65 and older could more than double over the coming decades, rising from 37 million today to 70 million in 2030 and 82 million in 2050. The CBO added that although the shift to an older society starts with the baby boomers, it persists after they have retired, making the changes more than just a temporary bulge. Explanations vary, but include explanatory factors like longevity, birth rates, immigration, retirement patters, and other factors. Regardless of the explanation, these trends WILL affect the state of North Dakota, its citizens and taxpayers.

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At its winter meeting, the National Governors Association adopted a resolution urging Congress to pass Medicare reform legislation. In particular, they urged the federal government to assume full responsibility for the acute, primary, long-term, and pharmaceutical care of those in our states that are dually eligible for Medicare and Medicaid. Those are the people that are on Medicare because of their age, and are also on Medicaid because of their low incomes.

Prescription drugs are an increasingly important part of the Medicaid program, with the dually eligible population accounting for a significant proportion of Medicaid spending on prescription drugs. In North Dakota, according to a U.S. Health & Human Services study in June, 2002, 50% of our state's Medicare recipients (51,000) are below the 150% poverty line.

This "dully eligible" population accounts for a significant proportion of Medicaid spending in North Dakota on prescription drugs. The right approach to help all states, including North Dakota, with their Medicaid prescription drug expenditures is for Congress to pass Medicare legislation that includes coverage to all Medicare beneficiaries, including dually eligible individuals. Passage of a Medicare drug benefit would put dual eligible individuals on the same footing as other Medicare beneficiaries and will provide states like North Dakota with much needed fiscal relief.

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The same study by HHS estimates that if the Medicare package passed by the U.S. House of Representatives would have become law, North Dakota would have had Medicaid state and federal cuts totaling \$278.3 million over 10 years. If the state's share of that is about 30%, the savings to the state would be about \$83 million over 10 years, or approaching \$17 million per biennium.

When Medicare was created in 1965, no one anticipated the increasingly vital role that pharmaceuticals would play in health care. Nor did anyone expect that the lack of a Medicare prescription drug benefit would put states in the position of supplementing Medicare by providing a prescription drug benefit to vulnerable Medicare populations through Medicaid. Today, however, the seven million dually eligible individuals nationally make up an estimated 19 percent of Medicaid beneficiaries, but 42 percent of all Medicaid prescription drug expenditures.

SCR No. 4023 simply urges Congress to do something about its failure to provide for comprehensive reform of Medicare in this regard which will significantly help ease our state's resources. This is just one reason Congress should act and this Resolution by North Dakota's policy-makers seeks to draw Congressional attention to this long-overdo issue.

The Senate amended the Resolution to request Congress to merely "consider" privately administered plans for drug coverage rather than to urge it to enact such legislation. I agree with that political softening of the Resolution.

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I urge the House Human Services Committee to give favorable consideration to this important state legislative policy statement to Congress.



Calvin N. Rolfson
Legislative Counsel
PhRMA
Lobby # 144

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